



KEY INFORMATION REGARDING REORGANIZATION

The Diocese of Rochester filed for bankruptcy under Chapter 11 of the United State Bankruptcy Code on September 12, 2019.

Chapter 11 is a voluntary action taken by a company or entity to reorganize financially, settle claims of those to whom it owes money and emerge with its operations intact.

A Chapter 11 filing with the U.S. Bankruptcy Court stops all efforts at collection of debts and legal actions against the entity.

The Diocese faces a significant number of claims of sexual abuse of a minor, all dating back decades. The Diocese has not received a contemporaneous report of sexual abuse of a minor since 2006. Litigation cost and settlements or jury awards will exceed our resources, and the Diocese will be unable to litigate or settle these claims.

Under Chapter 11, an entity maintains continues to provide employees with salaries and benefits, and retiree benefits. It continues to do business in a routine manner.

The Diocese believes Chapter 11 is the fairest course for all victims and the best course to protect our ability to operate. Had the Diocese not filed under Chapter 11, it would face multiple civil actions, a slow, unpredictable and costly process that would require years of court involvement and those claimants who filed suits first would receive all available funds to pay victims. As a result, later claimants would receive nothing. Most importantly, such lengthy proceedings delay justice for the victims and only add to their pain and suffering.

Chapter 11 will provide time for the Diocese to form a Reorganization Plan detailing how the available assets that it has will be used to pay claims and negotiate reasonable settlements. The Reorganization Plan must be approved by the Court.

As part of the Reorganization Plan, the Diocese intends to create a Victims Fund with a pool of funds from the Diocese and insurance carriers. The Diocese is working with insurance carriers to determine the extent of coverage.

Claims against the parishes, agencies and Diocese are expected to be conveyed to the victims fund through a "channeling injunction." All claims would be settled from the same fund.

Our parishes and entities are separately incorporated under New York State's Religious Corporation Law. The ministries and operations of parishes and other entities, such as our Catholic Charities agencies, should not be directly affected by the Diocese's Chapter 11 proceeding.

Parishes and agencies are incorporated as separate entities and will not be part of this bankruptcy filing.